

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

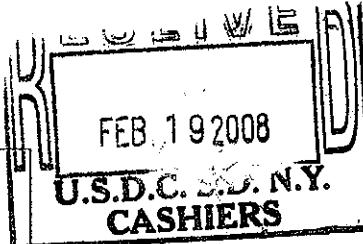
ORIX FINANCIAL SERVICES, INC.,
formerly known as ORIX CREDIT
ALLIANCE, INC.,

Plaintiff,

-against-

JONES EQUIPMENT, INC., BONNIE L.
JONES and WILLIAM L. JONES,

Defendants.



COMPLAINT

08 CV 1629

Plaintiff, ORIX FINANCIAL SERVICES, INC. (referred to herein as "OFS" or "plaintiff"), formerly known as ORIX CREDIT ALLIANCE, INC. (referred to herein as "OCAI"), by its attorneys Davidoff, Malito & Hutcher, LLP, complaining of the Defendants JONES EQUIPMENT, INC., BONNIE L. JONES and WILLIAM L. JONES, respectfully alleges the following:

PARTIES, JURISDICTION AND VENUE

1. The jurisdiction of this action is based upon diversity of citizenship. 28 U.S.C. 1332. The amount in controversy, exclusive of interest and costs, exceeds the sum of \$75,000.
2. Plaintiff ORIX FINANCIAL SERVICES, INC. ("OFS" or "plaintiff"), formerly known as ORIX CREDIT ALLIANCE, INC. ("OCAI"), is a domestic corporation having its principal place of business in the town of Kennesaw, State of Georgia. Plaintiff, under the name ORIX Financial Services, Inc. and previously under the name ORIX Credit

Alliance, Inc., engages and has engaged in the business of financing the acquisition of commercial equipment throughout the United States.

3. Upon information and belief, Defendant JONES EQUIPMENT, INC. ("JONES EQUIPMENT") is a Montana corporation with a principal place of business located in the state of Montana.

4. Upon information and belief, Defendant BONNIE L. JONES is a resident and citizen of the state of Montana.

5. Upon information and belief, Defendant WILLIAM L. JONES is a resident and citizen of the state of Montana.

6. Personal jurisdiction and venue in this action is based upon the contractual agreement of the parties thereto as contained in two (2) Promissory Notes and Security Agreement-Mortgage on Goods and Chattels, dated October 23, 2000, and November 21, 2000, respectively, both executed by Defendant JONES EQUIPMENT in favor of plaintiff, and a personal and unconditional Guaranty of all of the indebtedness of JONES EQUIPMENT to OCAI, its successor and assigns, executed by each of the Defendants BONNIE L. JONES and WILLIAM L. JONES, whereby and whereunder the defendants agree to the exclusive jurisdiction and venue of any court in the state and county of New York for all actions, proceedings, claims, counterclaims or crossclaims arising directly or indirectly out of, under, in connection with or in any way related to said Promissory Notes, Security Agreement-Mortgage on Goods and Chattels and Guaranties, which are more specifically described and referred to hereinafter.

FOR A FIRST CLAIM AGAINST DEFENDANT JONES EQUIPMENT

7. On or about October 23, 2000, Defendant JONES EQUIPMENT executed a certain Promissory Note in the amount of \$105,000.00, plus interest at the highest Prime Rate published or announced by Bank of America, N.T. & S.A., San Francisco, California, Chase Manhattan Bank or Citibank, N.A., plus 1.50%, payable to the order of plaintiff, hereinafter referred to as "Note 1", in connection with and as consideration for OCAL's financing of the acquisition by JONES EQUIPMENT of certain items of commercial equipment referred to hereinafter collectively as "Equipment 1". Equipment 1 was to be used in connection with the business activities of Defendant JONES EQUIPMENT. Pursuant to the terms of Note 1, the amount thereof was to be paid on October 12, 2001, interest on such amount payable monthly for a period of twelve (12) months, the first such payment of interest due and payable on November 12, 2000, and remaining installments of interest due and payable on the twelfth (12th) day of each successive and consecutive month thereafter until the amount of Note 1 is paid in full. A true copy of Note 1 is annexed hereto, made part hereof and marked as Exhibit "A".

8. On or about March 19, 1999, Defendant JONES EQUIPMENT, as Mortgagor, entered into and executed a certain Security Agreement – Mortgage on Goods and Chattels in which plaintiff is named as "Mortgagee," with Schedule "A", dated October 23, 2000, annexed thereto and made part thereof. Said Security Agreement – Mortgage on Goods and Chattels and Schedule "A" are hereinafter referred to jointly as the "Security Agreement". Pursuant to the terms of the Security Agreement, Defendant JONES EQUIPMENT grants to plaintiff a security interest in the items of property described in said Schedule "A" (referred to hereinafter collectively

"Equipment 1") to secure the Mortgage Obligations as defined therein, which Mortgage Obligations include without limitation all of the obligations of JONES EQUIPMENT to plaintiff under Note 1. A true copy of the Security Agreement is annexed hereto, made part hereof and marked as Exhibit "B".

9. On or about October 23, 2000, JONES EQUIPMENT executed a Delivery/Installation Certificate, Waiver and Agreement, a true copy of which is annexed hereto, made part hereof and marked as Exhibit "C", whereby said defendant acknowledges complete and satisfactory delivery of Equipment 1, free from any defenses, offsets or counterclaims, which he thereby waives as against plaintiff.

10. Defendant JONES EQUIPMENT defaulted in the installment payments due under and pursuant to the terms of Note 1 by failing to make the installment payment due on October 12, 2001, as and when said installment payment became due and payable. As a result of said default, plaintiff accelerated the outstanding balance of all amounts owed under and pursuant to the terms of Note 1.

11. Defendant JONES EQUIPMENT sold Equipment 1 with the consent of plaintiff and caused the sale proceeds generated thereby to be paid to plaintiff, the amount of all such proceeds being applied in reduction of the principal amount due under Note 1.

12. On or about December 19, 2007, plaintiff received a payment in the amount of \$7,500.00 directed to be paid to plaintiff by JONES EQUIPMENT. Said payment was applied in reduction of the then existing balance due under Note 1, pursuant to said defendant's affirmation of the indebtedness due to plaintiff thereunder.

13. As of February 11, 2008, pursuant to and under the terms and conditions of Note 1, there remains due and owing to plaintiff from Defendant JONES EQUIPMENT the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem* from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1, no part of which has been paid, although duly demanded.

FOR A SECOND CLAIM AGAINST DEFENDANT JONES EQUIPMENT

14. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs numbered "1" through "13" with the same force and effect as if fully set forth herein.

15. On or about November 21, 2000, Defendant JONES EQUIPMENT executed a certain Promissory Note in the amount of \$400,350.00, plus interest at the highest Prime Rate published or announced by Bank of America, N.T. & S.A., San Francisco, California, Chase Manhattan Bank or Citibank, N.A., plus 1.50%, payable to the order of plaintiff, hereinafter referred to as "Note 2", in connection with and as consideration for OCAI's financing of the acquisition by JONES EQUIPMENT of certain items of commercial equipment referred to hereinafter collectively as "Equipment 2". Equipment 2 was to be used in connection with the business activities of Defendant JONES EQUIPMENT. Pursuant to the terms of Note 2, the amount thereof was to be paid in four (4) consecutive and successive monthly installments of principal, the first three (3) such installments in the amount on \$40,000.00 each, and the last of such principal payments in the amount of \$280,350.00. The first of such installment payment

being due and payable on August 17, 2001. Interest due and payable under Note 2 is to be paid monthly, beginning on December 17, 2000, and on the same day of each consecutive and successive month thereafter for a period of twelve (12) months. A true copy of Note 2 is annexed hereto, made part hereof and marked as Exhibit "D".

16. On or about November 20, 2000, Defendant JONES EQUIPMENT entered into and executed an additional Schedule "A" to the Security Agreement, in which is listed the items of property that consist of Equipment 2. Said Schedule "A" is hereinafter incorporated into the Security Agreement. Pursuant to the terms of the Security Agreement, Defendant JONES EQUIPMENT grants to plaintiff a security interest in the items of Equipment 2 described in said Schedule "A" (referred to hereinafter collectively "Equipment 2") to secure the Mortgage Obligations as defined therein, which Mortgage Obligations include without limitation all of the obligations of JONES EQUIPMENT to plaintiff under Note 2. A true copy of said Exhibit "A" to the Security Agreement is annexed hereto, made part hereof and marked as Exhibit "E".

17. Defendant JONES EQUIPMENT defaulted in the installment payment due under and pursuant to the terms of Note 2 by failing to make the installment payment due on November 17, 2001, as and when said installment payment became due and payable. As a result of said default, plaintiff accelerated the outstanding balance of all amounts owed under and pursuant to the terms of Note 2.

18. Defendant JONES EQUIPMENT sold Equipment 2 with the consent of plaintiff and caused the sale proceeds generated thereby to be paid to plaintiff, the amount of all such proceeds being applied in reduction of the principal amount due under Note 2.

19. On or about December 19, 2007, plaintiff received a payment in the amount of \$7,500.00 directed to be paid to plaintiff by JONES EQUIPMENT. Said payment was applied in reduction of the then existing balance due under Note 2, pursuant to said defendant's affirmation of the indebtedness due to plaintiff thereunder.

20. As of February 11, 2008, pursuant to and under the terms and conditions of Note 2, there remains due and owing to plaintiff from Defendant JONES EQUIPMENT the sum of \$237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem* from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2, no part of which has been paid, although duly demanded.

**FOR A THIRD CLAIM BEING A FIRST CLAIM
AGAINST DEFENDANT BONNIE L. JONES**

21. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs numbered "1" through "20" with the same force and effect as if fully set forth herein.

22. On or about March 14, 1988, Defendant BONNIE L. JONES executed and delivered to Credit Alliance Corporation ("CAC")¹, OCAI's predecessor-in-interest, her personal, unconditional and continuing Guaranty of all of the indebtedness of JONES EQUIPMENT to CAC, its successors and assigns, whether such obligations were then existing or would arise or be incurred thereafter. A true copy of said defendant's Guaranty is annexed hereto, made part hereof and marked as Exhibit "F".

¹ On January 9, 1985, Credit Alliance Corporation merged with CAC Merger, Inc. to become CAC Merger, Inc. On January 7, 1985, First Interstate Credit Alliance, Inc. was incorporated in New York and on the same day CAC Merger, Inc. merged into it. On September 21, 1989, First Interstate Credit Alliance, Inc. changed its name to ORIX Credit Alliance, Inc.

23. On September 26, 2000, OCAI changed its name of record to ORIX Financial Services, Inc. ("OFS"), the plaintiff herein. As a consequence of said change of name, and without limitation or restriction of any kind in law or fact, OFS succeeds to all of the rights of OCAI under the Guaranty of Defendant BONNIE L. JONES referred to in the immediately preceding paragraph and to any and all documents, instruments, agreements and contracts relating thereto or executed in connection therewith, and any and all rights related or ancillary thereto.

24. Pursuant to the terms of her Guaranty of all of the obligations of JONES EQUIPMENT, Defendant BONNIE L. JONES is indebted to OFS for all amounts due and owing thereto from JONES EQUIPMENT to OFS under Note 1 in the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1, and under Note 2 in the sum of \$237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2, no part of which has been paid, although duly demanded.

**FOR A FOURTH CLAIM BEING A FIRST CLAIM
AGAINST DEFENDANT WILLIAM L. JONES**

25. Plaintiff repeats, reiterates and realleges each and every allegation contained in paragraphs numbered "1" through "20" with the same force and effect as if fully set forth herein.

26. On or about November 20, 2000, Defendant WILLIAM L. JONES executed and delivered to OFS his personal, unconditional and continuing Guaranty of all of the indebtedness of JONES EQUIPMENT to OFS, whether such obligations were then existing or would arise or be incurred thereafter. A true copy of said defendant's Guaranty is annexed hereto, made part hereof and marked as Exhibit "G".

27. Pursuant to the terms of his Guaranty of all of the obligations of JONES EQUIPMENT, Defendant WILLIAM L. JONES is indebted to OFS for all amounts due and owing thereto from JONES EQUIPMENT to OFS under Note 1 in the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1, and under Note 2 in the sum of \$237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2, no part of which has been paid, although duly demanded.

WHEREFORE, plaintiff demands judgment in its favor against the Defendants as follows:

Upon the First Claim against Defendant JONES EQUIPMENT, INC. under Note 1 in the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1;

Upon the Second Claim against Defendant JONES EQUIPMENT, INC. under Note 2 in the sum of 237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2;

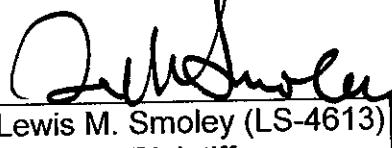
Upon the Third Claim being a First Claim against Defendant BONNIE L. JONES under Note 1 in the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1, and under Note 2 in the sum of \$237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2; and

Upon the Fourth Claim being a First Claim against Defendant WILLIAM L. JONES under Note 1 in the sum of \$232,886.86, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 1, and under Note 2 in the sum of \$237,040.41, plus default interest at the rate of one-fifteenth of one percent (1/15th of 1%) *per diem*, from December 20, 2007, and attorneys' fees in an amount equal to twenty percent (20%) of all amounts due and owing under and as provided for in Note 2;

the above amounts together with costs and disbursements of this action and such other and further relief as to this Court may seem just and proper in the premises.

Dated: New York, New York
February 14, 2008

DAVIDOFF, MALITO & HUTCHER, LLP

by 
Lewis M. Smoley (LS-4613)
Attorneys for Plaintiff
605 Third Avenue, 34th floor
New York, New York 10158
(212) 557-7200

PROMISSORY NOTE

AFTER DATE, FOR VALUE RECEIVED, THE UNDERSIGNED - EACH OF THEM, IF MORE THAN ONE - ("Maker") PROMISE(S) TO PAY TO
THE ORDER OF ORIX FINANCIAL SERVICES, INC. F/K/A ORIX CREDIT ALLIANCE, INC.
(Name of Seller / Mortgagee / Lessor)

at any office of Orix Credit Alliance, Inc. or such other place as the Holder hereof may from time to time in writing appoint, the sum of **ONE HUNDRED FIVE THOUSAND AND 00/100**

DOLLARS (\$ 105,000.00) payable in consecutive monthly installments as follows:

11 Installment(s), each in the amount of \$ 0.00; then 1 Installment(s), each in the amount of \$ 105,000.00;
then Installment(s), each in the amount of \$ _____; then _____
then installment(s), each in the amount of \$ _____; then _____
then Installment(s), each in the amount of \$ _____; then _____
then Installment(s), each in the amount of \$ _____; then _____
then Installment(s), each in the amount of \$ _____; then _____
then installment(s), each in the amount of \$ _____; then _____
then installment(s), each in the amount of \$ _____; then _____
then installment(s), each in the amount of \$ _____; then _____
then installment(s), each in the amount of \$ _____; then _____

said consecutive monthly installments shall commence on the 12 day of NOVEMBER 2000, and continue on the same date of each month, thereafter until paid; with interest from the date hereof being payable on the unpaid amount at the maturity of each installment, until maturity at a rate equal to the sum of ONE . FIFTY percent (1.50 %) per annum plus the highest "Prime Rate" published or announced by Bank of America, N.T. & S.A., San Francisco, CA., Chase Manhattan Bank, or Citibank, N.A., both of New York, New York (whichever of the three shall be highest), at any time during the (30) days immediately prior to the due date of the monthly installment or monthly interest payment, and after maturity of each installment or the maturity of this Promissory Note or acceleration of the indebtedness evidenced hereby, at a rate of interest equal to 1/15th of 1% per day, until this Promissory Note is paid in full, and if placed in the hands of an attorney for collection, a reasonable sum (equal to 20% of the unpaid amount) as attorneys' fees. If any interest rate provided for herein shall be found to exceed the maximum permitted by applicable law, such rate shall be reduced to such maximum. In the event any of the above-named banks no longer publishes or announces a rate called "prime rate", there shall be substituted for such bank's "prime rate" the higher of such other comparable index or reference rate as may be quoted by such bank or a rate equal to 185% of the Federal Discount rate then in effect at the Federal Reserve Bank of New York. Upon non-payment of any installment or interest when due, all remaining unpaid indebtedness shall, at the option of the Holder and without notice or demand, become immediately due and payable together with accrued or chargeable interest, late charges, collection charges and attorneys' fees. **THE MAKER AND ANY GUARANTOR OR ENDORSER OF THIS PROMISSORY NOTE HEREBY WAIVE PRESENTMENT FOR PAYMENT, DEMAND, PROTEST, NOTICE OF PROTEST AND NOTICE OF DISHONOR HEREOF, AND FURTHER HEREBY WAIVE ALL BENEFIT OF VALUATION, APPRAISEMENT AND EXEMPTION LAWS AND DO HEREBY DESIGNATE AND APPOINT EDWIN M. BAUM ESQ., AND C-A CREDIT CORP., BOTH OF NEW YORK, OR EITHER OF THEM, AS EACH OF SAID PARTIES TRUE AND LAWFUL ATTORNEY-IN-FACT AND AGENT FOR EACH OF SAID PARTIES AND IN EACH OF SAID PARTIES NAME, PLACE AND STED TO ACCEPT SERVICE OF ANY PROCESS WITHIN THE STATE OF NEW YORK, HOLDER AGREEING TO NOTIFY EACH OF SAID PARTIES, AT THE LAST ADDRESS KNOWN TO HOLDER FOR EACH, BY CERTIFIED MAIL, WITHIN THREE DAYS OF SUCH SERVICE HAVING BEEN EFFECTED. EACH OF SAID PARTIES AGREE TO THE EXCLUSIVE VENUE AND JURISDICTION OF ANY COURT IN THE STATE AND COUNTY OF NEW YORK REGARDING ANY MATTER ARISING HEREUNDER WITH THE SOLE EXCEPTIONS THAT AN ACTION TO RECOVER POSSESSION OF ANY ASSETS OF THE MAKER OR ANY GUARANTOR OR ENDORSER, HOWEVER DENOMINATED, MAY, IN THE SOLE DISCRETION OF HOLDER, BE BROUGHT IN A STATE OR FEDERAL COURT HAVING JURISDICTION OVER SUCH ASSETS, AND THAT JUDGMENTS MAY BE CONFESSED, ENTERED, OR ENFORCED IN ANY JURISDICTION WHERE THE MAKER OR ANY GUARANTOR OR ENDORSER OR SUCH ASSETS MAY BE LOCATED. THE MAKER AND ANY GUARANTOR OR ENDORSER FURTHER WAIVE ANY RIGHT THEY, OR ANY OF THEM, MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT IN ACCORDANCE HEREWITHE.** The Maker and any Guarantor or Endorser further agree that the validity, enforceability and effectiveness of each provision hereof and the obligations, rights and remedies of each of them in any way relating to or arising under this Promissory Note shall be governed and construed in accordance with the laws of the State of New York (excluding its choice of law rules). Maker and any Guarantor or Endorser hereby irrevocably authorize any attorney of any court of record to appear for and confess judgment against such Maker, Guarantor or Endorser (except in any jurisdiction where such action is not permitted by law) for all sums due hereunder to Holder, including expenses and 20% added for attorneys' fees, without stay of execution. The Holder may extend the time of payment of this Promissory Note, postpone the enforcement hereof, grant any other indulgence and add or release any party primarily or secondarily liable hereon without affecting or diminishing the Holder's right of recourse against the Maker or any Guarantor or Endorser of this Promissory Note, which right is hereby expressly reserved.

Co-Maker

JONES EQUIPMENT, INC. _____ (SEAL)

(Witness for Maker and Co-Maker)

Author's Note

PN(1-98).FLT

NET 9.01

extinction of any or all of the Collateral. In any action in the nature of replevin or sequestration, Mortgagor agrees that if it commences such action it will post a bond written by a national insurance company to execute such bonds in the jurisdiction of such proceedings, such bond to be no less than the value of the subject matter of such replevin or the unpaid balance then owing to Mortgagor, whichever be less. Mortgagor hereby irrevocably authorizes any attorney of any court of record to appear for and represent one or more judgments against Mortgagor (except in any jurisdiction where such action is not permitted by law) for all amounts owing under the "Mortgage Obligations" and other monies due hereunder, plus reasonable attorneys' fees and any deficiency, without stay of execution, and waive the issue of process, all rights of appeal and relief from any and all attachments, stay or exemption laws then in force. Any notices relating hereeto shall be in writing and effective when delivered in person to an officer of the party to whom addressed or mailed by certified mail to such party at its address specified herein or at such other address as may hereafter be specified by like notice by either party to the other. Reasonable notification hereunder shall be any notification given or sent at least five (5) days prior to the event for which such notification is sent. **TO THE MAXIMUM EXTENT PERMITTED BY LAW, MORTGAGOR AND MORTGAGEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES (A) ANY AND ALL RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSSCLAIMS AND SET-OFFS OR RECOUPMENT CLAIMS ARISING EITHER DIRECTLY OR INDIRECTLY OUT OF, UNDER, IN CONNECTION WITH, OR IN ANY WAY RELATED TO THE MORTGAGE OBLIGATIONS AND WHETHER BASED IN CONTRACT OR IN TORT OR OTHERWISE, OR IN ADDITION TO, ACTUAL DAMAGES.**

6. Mortgagor may at any time, with or without exercising any of the rights or remedies aforesaid and without prior notice or demand to Mortgagor, appropriate and apply toward the payment of the Mortgage Obligations any and all balances, sums, property, credits, deposits, accounts, reserves, collections, drafts, notes or checks coming into Mortgagor's possession

and belonging or owing to Mortgagor, and for such purposes, endorse the name of Mortgagor on any such instrument made payable to Mortgagor for deposit, negotiation, discount or collection. Such applications may be made, or any monies paid to Mortgagor may be applied, without notice to Mortgagor, partly or entirely to such of the Mortgage Obligations as Mortgagor in its sole discretion may elect. In its sole discretion Mortgagor may apply and/or change applications of any sums paid and/or to be paid by or for Mortgagor, under any circumstances, to any obligations of Mortgagor to Mortgagor, presently existing or otherwise. The greatest rates which may be provided for in any instrument evidencing one or more Mortgage Obligations shall in no event, circumstance or contingency, exceed any maximum permitted by applicable law.

7.1. after default by Mortgagor under the Mortgage Obligations, Mortgagor shall demand full payment, performance or fulfillment of otherwise provided, such failure shall not be deemed a "waiver of the right of Mortgagor subsequently to make demand for immediate payment, performance and fulfillment of the Mortgage Obligations, or to take immediate possession of the Collateral, or to foreclose this Mortgage at any time or to proceed otherwise, and the acceptance by Mortgagor of any payment subsequent to such default shall not be deemed a waiver of any Mortgagor's rights, No delay or failure on the part of Mortgagor in exercising any right, privilege, remedy or option hereunder shall operate as a waiver of such right, privilege, remedy or option, and no waiver whatever shall be valid unless in writing, signed by an officer of Mortgagor and then only to the extent herein set forth.

This Mortgage cannot be changed or terminated orally. The books and records of Mortgagor containing entries with respect to the Mortgage Obligations, shall be admissible in evidence in any action or proceeding, shall be binding upon the Mortgagor for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof. Mortgagor shall, by written instrument, signed by an officer of Mortgagor, shall be effective, but only to the extent therein specifically set forth, to change, modify or terminate any Mortgage Obligation, this Mortgage or any other agreement between Mortgagor and Mortgaggee.

or, any of the heirs, beneficiaries, spouses, privies and elections given to the original Mortgagee hereunder, shall, enure to the benefit of Mortgagee, any transferee or holder of this Mortgage, or any of the heirs, beneficiaries, spouses, privies and elections given to the original Mortgagee hereunder, and shall bind the representatives, successors and assigns of the respective parties. Any and all security interests granted to Mortgagee shall attach to any and all proceeds and products. Each person claiming this Mortgage Warrants full authority to sign for the party named and said person, individually, together with, the party named, shall be jointly and severally liable for the unpaid balance of the Mortgage Obligations in the event of the breach of the above provisions and/or in the event of Mortgagee failing to pay its obligations in full to Mortgagee immediately upon demand.

safe, transfer, assignment or conversion of any of the Collateral, and agrees that upon the request of Mortgagor, after any default, to segregate and hold all or any part of the Collateral, and to protect same from use, and/or abuse, all without charge to Mortgagor, such fiduciary duty to terminate only upon the actual delivery of the Collateral to Mortgagor. Mortgagor, recognizing that, in the event of default, no remedy at law would provide adequate relief to Mortgagor, agrees that Mortgagor shall be entitled to temporary and permanent injunctive relief, without the necessity of proving actual damages.

Mortgage is only of any equity that Mortgagor may now or in the future have in such Collateral and Mortgagor by accepting this Mortgage shall not in any manner be considered as having waived any security interest arising independently of this Mortgage or shall this Mortgage be construed as waiving any rights of Mortgagor under any other security agreement prior to as a waiver of any of the terms and provisions of any other security agreement, guarantee, or endorsement, all of which shall remain and continue in full force and effect.

10. Intending that each and every provision of this Mortgage be fully effective and enforceable according to its terms, the parties agree that the validity, enforceability and effectiveness of each provision hereof and of the obligations, rights and remedies of the Mortgagor and Mortgagor in any way resulting from or arising under this Mortgage or under one or more Mortgagor's or

IN WITNESS WHEREOF, Mortgagor has caused these presents to be duly executed, the day and year first above written.

ATTEST/WITNESS : W. Miller & Sons (Firm)
(Secretary/Witness) W. Miller (Name)
(Title)

STATE OF
COUNTY OF
} ss.
being duly sworn, deposes and says:

1. He is the (hereinafter called "Mortgagor") described in and which executed the foregoing Mortgage. Said goods, chattels and property are, see of
2. Mortgagor is the sole owner and in possession of the goods, chattels and property mentioned and described in the foregoing Mortgage. Said goods, chattels and property are, see of
all liens and encumbrances of any kind, nature and description (except for any held by the Mortgagor referred to below), and Mortgagor has the sole right and lawful authority to
mortgage the same.
3. Mortgagor is solvent and justly indebted to the mortgagee named in the foregoing Mortgage (hereinafter called "Mortgagee") in the amount of the aggregate sum of the Mortgage
Obligations outstanding on the date hereof, and there are no claims, offsets or defenses against same.
4. There are no judgments against Mortgagor, and no attachment or execution is now outstanding against any of Mortgagor's property, no receiver of Mortgagor has ever been appointed or applied for. There are no proceedings in bankruptcy pending affecting Mortgagor, nor have there ever been any such proceedings affecting Mortgagor, and no assignment for
the benefit of creditors has been made by Mortgagor.
5. Deponent makes this affidavit realising that Mortgagee is being induced thereby to extend credit to and/or accept Mortgagor as a credit risk in reliance upon the truth of the
statements contained herein, and this affidavit is made to induce Mortgagee to do so.

NOTARY PUBLIC
(Notarial Seal) _____
Country of _____
(Signature)
SS:

State of Conn. County of Conn. We, a Notary Public, duly qualified in and for said County and state, do hereby certify that on the 1st day of July, 1852,

in (Place) in said County, before me personally appeared to be the identical person who signed the within and foregoing instrument of writing in his own proper handwriting and well known to me to be and who acknowledged himself to be the (Name) of (Title) of (Business) who, being by me first duly sworn, did say that he is such officer of the aforesaid corporation, named in the within foregoing and annexed instrument of writing, and being authorized to do so, executed said foregoing instrument; that he was duly authorized to execute said instrument for and in the name of said corporation and make this acknowledgement that he knows the contents of said instrument; that he resides at (Address) that he knows the seal of said corporation; that the seal affixed to said instrument is the corporate seal of said corporation; that the said instrument was signed, sealed and delivered on behalf of said corporation by authority of its Board of Directors, and said officer acknowledged that he executed said instrument while free, true and lawful and corporate act and deed and the free, true, lawful and corporate act and deed of said corporation, in pursuance of said authority, by him in his said capacity, and by said corporation voluntarily executed for the uses, purposes and consideration therein mentioned and contained, by signing the name of the corporation by himself as such officer.

Given under and witness my hand and official seal the day and year in this certificate first above written.

(Notarial Seal)

* 4

NOTES

SCHEDULE "A"

This schedule is attached to and becomes part of Promissory Note with Security Agreement, or Security Agreement, Conditional Sale Contract, Lease, or _____ dated MARCH 19, 1999 between the undersigned.

QUANTITY	DESCRIPTION OF PROPERTY (Indicate Whether "NEW" or "USED")	Year & Model	Serial No.
1	KETO SINGLE GRIP HARVESTER	150	211/94
1	KOBELCO HYDRAULIC CARRIER	SK120LCIII	YP02104
1	TIMBERJACK FELLER BUNCHER	2518 2518	66647 C19(133)
1	HARVESTING HEAD	7022	1252
1	CATERPILLAR WHEEL SKIDDER	518	094U01287
COMPLETE WITH ALL ATTACHMENTS AND ACCESSORIES.			

This schedule is hereby verified correct and undersigned Mortgagor(s), Buyer(s), Maker(s) or Lessee(s) acknowledges receipt of a copy this 23 day of Oct, 00.

Mortgagee/Seller/Lessor/Holder:

ORIX FINANCIAL SERVICES, INC. F/K/A
ORIX CREDIT ALLIANCE, INC.

By: _____

Mortgagor/Buyer/Lessee/Maker:

JONES EQUIPMENT, INC.

By: Willie L Jones

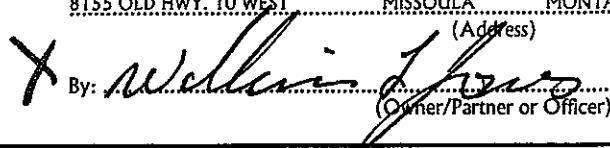
DELIVERY/INSTALLATION CERTIFICATE, WAIVER AND AGREEMENT

8155 OLD HWY. 10 WEST (Equipment Location)	MISSOULA (Street)	MONTANA (City)	59802 (State)	10-23-00 (Date)
To: ORIX FINANCIAL SERVICES, INC. F/K/A		ORIX CREDIT ALLIANCE, INC. (Seller/Lessor/Mortgagee)		
199 S. LOS ROBLES AVE., STE. 200 (No.)		PASADENA (Street)	CALIFORNIA (City)	91101 (State)

We hereby acknowledge complete and satisfactory delivery / installation of the property described in the agreement between us dated 10-23-00 and notice of your intention to sell such agreement and our note(s) to ORIX Credit Alliance, Inc. In order to induce ORIX Credit Alliance, Inc. to purchase such agreement and note(s) we represent to it that the same are free from any defenses, offsets or counterclaims and we hereby waive any claim or offset as against ORIX Credit Alliance, Inc. and recognize its right to enforce such agreement and note(s) according to their terms free from any defenses, offsets or counterclaims.

JONES EQUIPMENT, INC.
(Buyer/Lessee/Mortgagor)

8155 OLD HWY. 10 WEST
MISSOULA
MONTANA
59802
(Address)


By: Wellington Jones
(Owner/Partner or Officer)

PROMISSORY NOTE

\$ 400,350.00 MISSOULA MONTANA 11-21-00,
 (City) (State)

AFTER DATE, FOR VALUE RECEIVED, THE UNDERSIGNED - EACH OF THEM, IF MORE THAN ONE - ("Maker") PROMISE(S) TO PAY TO
 THE ORDER OF ORIX FINANCIAL SERVICES, INC. F/K/A ORIX CREDIT ALLIANCE, INC.
 (Name of Seller / Mortgagee / Lessor)

at any office of Orix Credit Alliance, Inc. or such other place as the Holder hereof may from time to time in writing appoint, the sum of FOUR HUNDRED THOUSAND THREE HUNDRED FIFTY AND 00/100

DOLLARS (\$ 400,350.00) payable in consecutive monthly installments as follows:

then 2 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 40,000.00;
 then 2 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 40,000.00;
 then 2 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 40,000.00;
 then 2 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 280,350.00;
 then 1 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 0.00;
 then 1 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 0.00;
 then 1 installment(s), each in the amount of \$ 0.00; then 1 installment(s), each in the amount of \$ 0.00;

said consecutive monthly installments shall commence on the 17 day of DECEMBER, 2000, and continue on the same date of each month thereafter until paid; with interest from the date hereof being payable on the unpaid amount at the maturity of each installment, until maturity at a rate equal to the sum of ONE . FIFTY percent (1.50 %) per annum plus the highest "Prime Rate" published or announced by Bank of America, N.T. & S.A., San Francisco, CA., Chase Manhattan Bank, or Citibank, N.A., both of New York, New York (whichever of the three shall be highest), at any time during the (30) days immediately prior to the due date of the monthly installment or monthly interest payment, and after maturity of each installment or the maturity of this Promissory Note or acceleration of the indebtedness evidenced hereby, at a rate of interest equal to 1/15th of 1% per day, until this Promissory Note is paid in full, and if placed in the hands of an attorney for collection, a reasonable sum (equal to 20% of the unpaid amount) as attorneys' fees. If any interest rate provided for herein shall be found to exceed the maximum permitted by applicable law, such rate shall be reduced to such maximum. In the event any of the above-named banks no longer publishes or announces a rate called "prime rate", there shall be substituted for such bank's "prime rate" the higher of such other comparable index or reference rate as may be quoted by such bank or a rate equal to 185% of the Federal Discount rate then in effect at the Federal Reserve Bank of New York. Upon non-payment of any installment or interest when due, all remaining unpaid indebtedness shall, at the option of the Holder and without notice or demand, become immediately due and payable together with accrued or chargeable interest, late charges, collection charges and attorneys' fees. **THE MAKER AND ANY GUARANTOR OR ENDORSER OF THIS PROMISSORY NOTE HEREBY WAIVE PRESENTMENT FOR PAYMENT, DEMAND, PROTEST, NOTICE OF PROTEST AND NOTICE OF DISHONOR HEREOF, AND FURTHER HEREBY WAIVE ALL BENEFIT OF VALUATION, APPRAISEMENT AND EXEMPTION LAWS AND DO HEREBY DESIGNATE AND APPOINT EDWIN M. BAUM ESQ., AND C-A CREDIT CORP., BOTH OF NEW YORK, OR EITHER OF THEM, AS EACH OF SAID PARTIES TRUE AND LAWFUL ATTORNEY-IN-FACT AND AGENT FOR EACH OF SAID PARTIES AND IN EACH OF SAID PARTIES NAME, PLACE AND STAD TO ACCEPT SERVICE OF ANY PROCESS WITHIN THE STATE OF NEW YORK, HOLDER AGREEING TO NOTIFY EACH OF SAID PARTIES, AT THE LAST ADDRESS KNOWN TO HOLDER FOR EACH, BY CERTIFIED MAIL, WITHIN THREE DAYS OF SUCH SERVICE HAVING BEEN EFFECTED. EACH OF SAID PARTIES AGREE TO THE EXCLUSIVE VENUE AND JURISDICTION OF ANY COURT IN THE STATE AND COUNTY OF NEW YORK REGARDING ANY MATTER ARISING HEREUNDER WITH THE SOLE EXCEPTIONS THAT AN ACTION TO RECOVER POSSESSION OF ANY ASSETS OF THE MAKER OR ANY GUARANTOR OR ENDORSER, HOWEVER DENOMINATED, MAY, IN THE SOLE DISCRETION OF HOLDER, BE BROUGHT IN A STATE OR FEDERAL COURT HAVING JURISDICTION OVER SUCH ASSETS, AND THAT JUDGMENTS MAY BE CONFESSED, ENTERED, OR ENFORCED IN ANY JURISDICTION WHERE THE MAKER OR ANY GUARANTOR OR ENDORSER OR SUCH ASSETS MAY BE LOCATED. THE MAKER AND ANY GUARANTOR OR ENDORSER FURTHER WAIVE ANY RIGHT THEY, OR ANY OF THEM, MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT IN ACCORDANCE HEREWITHE.** The Maker and any Guarantor or Endorser further agree that the validity, enforceability and effectiveness of each provision hereof and the obligations, rights and remedies of each of them in any way relating to or arising under this Promissory Note shall be governed and construed in accordance with the laws of the State of New York (excluding its choice of law rules). Maker and any Guarantor or Endorser hereby irrevocably authorize any attorney of any court of record to appear for and confess judgment against such Maker, Guarantor or Endorser (except in any jurisdiction where such action is not permitted by law) for all sums due hereunder to Holder, including expenses and 20% added for attorneys' fees, without stay of execution. The Holder may extend the time of payment of this Promissory Note, postpone the enforcement hereof, grant any other indulgence and add or release any party primarily or secondarily liable hereon without affecting or diminishing the Holder's right of recourse against the Maker or any Guarantor or Endorser of this Promissory Note, which right is hereby expressly reserved.

Co-Maker _____

(Witness for Maker and Co-Maker)

JONES EQUIPMENT, INC. (SEAL)

By: William Jones
 (Authorised Signature)

SCHEDULE "A"

This schedule is attached to and becomes part of Promissory Note with Security Agreement, or Security Agreement, Conditional Sale Contract, Lease, or _____ dated MARCH 19, 1999 between the undersigned.

QUANTITY	DESCRIPTION OF PROPERTY (Indicate Whether "NEW" or "USED")	Year & Model	Serial No.
1	TIMBERJACK SKIDDER	1995 450C	CE4824
1	CATERPILLAR DOZER	1971 D8	D46A24858
1	TIMBERJACK WITH 762B HARVESTOR HEAD S/N: 00126	1994 2618	CB9486
1	CASE CRAWLER	1999 9007B	DAC0072
1	HOOD LOG LOADER	1994 2400	243826
1	CASE CRAWLER	1999 9030B	DAC0302886
COMPLETE WITH ALL ATTACHMENTS AND ACCESSORIES.			

The security interest created by this security agreement, insofar as it relates to the above described property, is a Purchase Money Security Interest with the proceeds hereof being used by Mortgagor to acquire the above described property.

All of the terms and provisions of the aforesaid Security Agreement are ratified, affirmed and incorporated herein by this reference.

This schedule is hereby verified correct and undersigned Mortgagor(s), Buyer(s), Maker(s) or Lessee(s) acknowledges receipt of a copy this 20 day of Nov, 00.

Mortgagee/Seller/Lessor/Holder:

ORIX FINANCIAL SERVICES, INC.
F/K/A ORIX CREDIT ALLIANCE, INC.

By: _____

Mortgagor/Buyer/Lessee/Maker:

JONES EQUIPMENT, INC.

By:

CREDIT ALLIANCE CORPORATION
AND/OR
LEASING SERVICE CORPORATION
AND/OR
CREDIT AMERICA CORPORATION
NEW YORK, NEW YORK

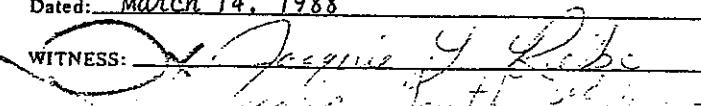
RE: JONES EQUIPMENT, INC.

Gentlemen:

To induce you to enter into one or more equipment lease agreements and/or one or more security agreements, including but not limited to conditional sale agreements, leases, chattel and/or real estate mortgages, notes or other deferred or time payment paper, and/or any and all agreements relating to the purchase of such paper or documents or both (all of the foregoing hereinafter called "Security Obligations") with the above-captioned (hereinafter called the "Subject"), and/or to induce you to purchase and/or accept an assignment of Security Obligations from Subject and/or to induce you to purchase and/or accept one or more assignments from any party or parties of one or more Security Obligations having Subject as obligor thereon, and/or in consideration of your having heretofore done any or all of the foregoing, we, the undersigned (and each of us if more than one) agree to be, without deduction by reason of set-off, defense or counterclaim of Subject, jointly, severally, directly and unconditionally liable to you for the due performance of all such Security Obligations both present and future, and any and all subsequent renewals, continuations, modifications, supplements and amendments thereof, and for the payment of any and all debts of Subject of whatever nature, whether matured or unmatured, whether absolute or contingent and whether now or hereafter existing or arising or contracted or incurred or owing to or acquired by you by assignment, transfer or otherwise. Any and all present and future debts and obligations of Subject to us are hereby waived and postponed in favor of and subordinated to the full payment and performance of all present and future debts and obligations of Subject to you. We affirmatively represent and warrant to you that we will not transfer any personal assets to any party without full and valuable consideration for said transfer and we understand that in reliance upon and in consideration of this representation, specific credit accommodations as described above are being extended to the Subject by you. We hereby waive notice of acceptance hereof and of all notices of any kind to which we may be entitled, including without limitation any and all demands of payment, notices of non-payment, protest and dishonor to us or Subject or makers, or endorsers of any notes or other instruments for which we are or may be liable hereunder. You shall be entitled to hold any and all sums to our credit and any of our property at any time in your possession as security for any and all of our obligations to you, no matter how or when arising and whether under this instrument or otherwise. We further waive notice of and hereby consent to any agreement or arrangements whatever with Subject or anyone else, including without limitation, agreements and arrangements for payment extension, subordination, composition, arrangement, discharge or release of the whole or any part of the Security Obligations, or for releases of collateral and/or other guarantors, or for the change or surrender of any and all security, or for compromise, whether by way of acceptance of part payment or of returns of merchandise or of dividends or in any other way whatsoever, and the same shall in no way impair our liability hereunder. The liability hereunder of each of the undersigned is direct and unconditional and may be enforced without requiring you first to resort to any other right, remedy or security and shall survive any repossession of property whether or not such constitutes an election of remedies against Subject; nothing shall discharge or satisfy our liability hereunder except the full performance and payment of all Security Obligations with interest. We shall have no right of subrogation, reimbursement or indemnity whatsoever and no right of recourse to or with respect to any assets or property of Subject or to any collateral for Security Obligations, unless and until all Security Obligations shall have been paid and performed in full. As part of the consideration for your entering into and/or purchasing and/or accepting an assignment of one or more Security Obligations with Subject as obligor thereon, we hereby designate and appoint Stuart B. Glover, Esq., New York, New York, and C-A Credit Corp., New York, New York, or either of them, as our true and lawful attorney-in-fact and agent for each of us and in our name, place and stead to accept service of any process within the State of New York, you agreeing to notify us by depositing in the United States mails, certified mail, postage prepaid, written notice of such service addressed to us at our address shown hereinbelow, within three (3) days of such service having been effected and the undersigned do hereby agree to the venue and jurisdiction of any court in the State and County of New York regarding any matter arising hereunder. We hereby irrevocably authorize any attorney of any court of record to appear for and confess judgment against any one or more of us (except in any jurisdiction where such action is not permitted by law) for all unpaid balances and other monies due to you from Subject, plus expenses and 20% added for attorneys' fees, without stay or execution, and we hereby waive and release relief from any and all appraisal, stay or exemption laws then in force. We agree that if we or Subject shall at any time become insolvent, or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceeding shall be commenced by, against or in respect of us or Subject, any and all of our obligations shall, at your sole option, forthwith become due and payable without notice. This instrument is a continuing guaranty and shall continue in full force and effect, notwithstanding the death of any of us, until the full performance, payment and discharge of all Security Obligations, and thereafter until actual receipt by you from us of written notice of termination; such termination shall be applicable only to transactions having their inception thereafter. Termination by one or more of us shall not affect the liability of such of us as do not give such notice of termination.

The words "you" and "your" as used herein shall mean and include and this instrument shall apply in favor of and be severally enforceable by any addressee hereinabove named and/or any concern which is or may at any time be the parent, subsidiary of such parent, subsidiary or assignee thereof. We hereby waive any and all right to a trial by jury in any action or proceeding based hereon. This instrument cannot be changed orally, shall be interpreted according to the laws of the State of New York, shall be binding upon the heirs, executors, administrators, successors and assigns of each of the undersigned and shall enure to the benefit of your successors and assigns.

Dated: March 14, 1988

WITNESS: J. Janice Y. Ribe


WITNESS: _____

ATTEST:

(Seal) _____

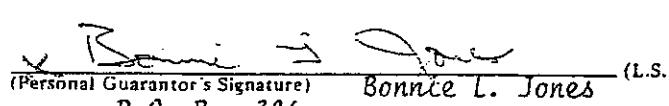
Secretary

ATTEST:

(Seal) _____

Secretary

CA-L-7



(Personal Guarantor's Signature) Bonnie L. Jones (L.S.)
Address: P. O. Box 326

LOLO, MT 59847

(Personal Guarantor's Signature) _____ (L.S.)
Address: _____

Corporate Guarantor

By: _____ President

Corporate Guarantor

By: _____ President

